

May 21, 1998

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

The Honorable William E. Kennard  
Chairman  
Federal Communications Commission  
1919 M Street, N.W. — Room 814  
Washington, D.C. 20554

RE: Proposed Revision of Maximum Collection Amounts for Schools and  
Libraries and Rural Health Care Providers, CC Docket No. 96-45/Public  
Notice DA 98-872

Dear Chairman Kennard:

On behalf of the small, medium, and large business user members of the International Communications Association ("ICA") and the National Retail Federation ("NRF"), we urge the Commission to cease any further collection of fees or taxes for its new support mechanisms for schools, libraries, and health care providers *until* it swiftly prescribes interstate access charges to cost-based levels. The promise of the Telecommunications Act of 1996 was that telecommunications rates would come down significantly and competition would develop. More than 27 months later, there are no signs of meaningful local competition on the horizon, customers are forced to continue paying bloated interstate access charges, and the limited reductions in interstate access charges have been offset with new and increased charges that end up on business and residential customer monthly bills.

Late last year, ICA and NRF joined with the Consumer Federation of America ("CFA") in petitioning the Commission to immediately prescribe interstate access charges to cost-based levels.<sup>1</sup> We made that request for swift Commission action because appellate rulings have undermined the Commission's efforts to establish the basic elements of local competition and any *short term* hope of widespread competition developing that might actually discipline bloated access charges. Since then it has been extremely disconcerting to observe the Commission repeatedly offsetting minimal reductions in the price of access with new and increased charges — with even more charges on the horizon in the form of local number portability end user charges.<sup>2</sup> Because numerous parties have urged the Commission act on the Petition (and other similar

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<sup>1</sup> In re Access Charge Reform, Petition for Rulemaking, CC Docket No. 96-262 (submitted December 9, 1997), designated RM No. 9210 ("Petition").

<sup>2</sup> Telephone Number Portability, CC Docket No. 95-116, *Third Report and Order*, FCC 98-82, released May 12, 1998.

requests)<sup>3</sup> and the window for filing views with the Commission ended over three months ago, it is even more disturbing that the Commission is now contemplating additional changes in this proceeding that would force business and residential ratepayers to lose the benefits of the interstate access charge reductions likely to occur this July 1<sup>st</sup>. This would happen if the Commission goes forward with its proposal to offset those access charge reductions with additional funding requirements that will almost surely show up on customer bills in the form of line charges or increased prices.

While the business user community has always supported adequate funding to subsidize universal service (in particular high cost and lifeline support mechanisms), it is no longer appropriate for the Commission to continue creating new or increased costs (costs that are eventually always paid by telecommunications customers) that are targeted to offset the minimal reductions in access charges that have been occurring. The telecommunications industry is a declining cost business; unfortunately, despite the promises of the 1996 Act to the contrary, overall costs for most beleaguered customers are not declining. It is clearly in the public interest (and consistent with the goals and objectives of the 1996 Act) for the Commission to ensure that the prices for non-competitive services bear some reasonable relationship to underlying costs.

Consequently, until interstate access charges are reduced to reasonable cost-based levels, we urge the Commission to halt any additional funding for schools, libraries, and rural health care so that telephone customers (business and residential alike) can begin to receive some minimal benefits from one of Congress' two promises — lower rates.

Sincerely,

INTERNATIONAL COMMUNICATIONS  
ASSOCIATION



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Its Attorney

cc: Commissioner Susan Ness  
Commissioner Harold W. Furchtgott-Roth  
Commissioner Michael K. Powell  
Commissioner Gloria Tristani

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<sup>3</sup> In their March 6, 1998 letter to Chairman William Kennard, Senators John D. Rockefeller IV and Olympia J. Snowe "urge the Commission to review its policy, and consider other effective approaches to access reform, as has been requested by petitions before the Commission."